



## Glossary

### **Academic Achievement Incentive Scholarship Program**

The purpose of this gift-aid program is to help financially needy students who have demonstrated their academic abilities. The scholarships are for students who are eligible for Federal Pell Grants and graduate after May 1, 2000 in the top 10 percent of their high school graduating class. An Academic Achievement Incentive Scholarship equals up to the amount the student is eligible for in Federal Pell Grant, which can result in doubling the student's grant amount. This program is currently unfunded for the 1999-2000 award year.

### **academic year (AY)**

A time period of at least 30 instructional weeks in which a full-time undergraduate student is expected to complete:

- 24 semester or trimester hours or 36 quarter hours at an institution using credit hours in an educational program whose length is measured in credit hours, *or*
- at least 900 clock hours at an institution using clock hours.

However, there is an exception for those schools with at least a two-year or four-year academic program with an associate or bachelor's degree. Those schools may request, in writing, that ED reduce the minimum period of instructional time of the academic year for any of its programs as long as they are at least 26 weeks in length.

### **accepted with corrections**

A category of Federal Pell Grant processed payment data found to be inaccurate but for which the Recipient Financial Management System (RFMS) made certain corrections during processing. A school must review the records carefully and resubmit them if RFMS's corrections are inaccurate.

### **Access America for Students**

Access America for Students will provide electronic Web-based access to government services. It will test key concepts of the Modernization Blueprint (formerly Project EASI). In 1999-2000, seven schools will pilot Access America for Students.

### **accounting for restricted funds for limited purposes**

A restricted fund made up of a self-balancing group of accounts: assets, liabilities, capital (fund balance), revenues, and expenses. It is important to note that individual funds are separated completely from one another and

	<p>from the general fund of the institution and are self-balancing. That is, the debit balances of the debit accounts within the fund equal the credit balances of the credit accounts within the fund. This ensures the integrity of individual funds and provides control over fund expenditures.</p> <p>“Restricted” means that the use of the funds has been restricted to some specific activity by donors and/or other external parties.</p>
<b>accounting period</b>	A time period for which financial records are maintained and at the end of which financial statements are prepared. See <i>Financial statement</i> .
<b>accrual basis</b>	The type of accounting under which incomes are recorded when earned (regardless of when cash is actually received) and expenses are recorded when liabilities are incurred (regardless of when cash is actually expended).
<b>accrued salaries</b>	Wages earned by students between the date that the students were last paid and the end of the accounting period being reported, but not yet paid to the students. The unpaid student wages are considered a school liability.
<b>ACH and ACH/EFT</b>	See <i>Automated clearinghouse (ACH)</i> .
<b>adjusting entry</b>	A journal entry made for purposes of correcting an error (such as a transfer of an amount from one account) or recording an accrual (such as earned, but unpaid, student payroll at the end of an accounting period).
<b>administrative capability</b>	<p>A requirement an institution must meet to participate in Title IV student aid programs. Administrative capability covers specific areas in the management of an institution. These areas include:</p> <ul style="list-style-type: none"> <li>• establishing and maintaining student records and financial records,</li> <li>• submitting required ED reports,</li> <li>• designating a capable Title IV aid administrator at an institution,</li> <li>• writing procedures for school offices involved with Title IV programs,</li> <li>• communicating to the financial aid administrator all information received by any school office that might affect a student’s Title IV aid eligibility,</li> <li>• dividing the functions of authorizing payments and disbursing funds, <i>and</i></li> <li>• employing an adequate number of qualified staff.</li> </ul> <p>See also <i>Financial responsibility</i>.</p>

	For further information, refer to Section 668.16 of the Student Assistance General Provisions regulations or Chapter 2 of <i>The Blue Book</i> .
<b>administrative cost allowance (ACA)</b>	A dollar figure the federal government allots an institution to offset the cost of administering a Title IV program.
<b>administrative offset</b>	An offset assessed by ED against a Title IV participating school to collect program review, audit, and formal fine debts. ED withholds a portion of a school's Grant Administration and Payment System (GAPS) payments and applies them toward the school's debt.
<b>advance payment method</b>	Under this payment method, a school may submit a request for funds to ED prior to disbursing aid to eligible students and parents. If the request is approved, ED will make an electronic funds transfer for the requested amount to the school's bank account.
<b>agency funds</b>	The conduit or clearing house funds established to account for assets (usually cash) received for, and paid to, other funds, individuals, or organizations. Externally designated scholarship funds are an example of agency funds. Because assets received this way are held briefly, to be disposed of at the direction of others, only asset and liability accounts are needed in such a relationship.
<b>allocation</b>	A specific sum of money awarded for an institution to use during a specific period. Campus-based funds (Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan) are allocated to an institution on an award-year basis. Allocation may also be referred to as obligation, award authorization, grant authorization, or Document Number. See <i>Releasing campus-based program funds</i> and <i>Supplemental appropriation</i> .
<b>allocation order</b>	<p>A priority list, established by ED, that states the order in which refunds are to be made to federal financial aid program accounts if a student withdraws, drops below half-time status, is expelled, or drops out during the refund period. By law, refunds must be allocated to Title IV programs in specified order, as follows:</p> <ol style="list-style-type: none"> <li>1. Unsubsidized Federal Stafford Loans (FFEL)</li> <li>2. Subsidized Federal Stafford Loans (FFEL)</li> <li>3. PLUS Loans (FFEL)</li> <li>4. Unsubsidized Federal Direct Stafford Loans</li> <li>5. Subsidized Federal Direct Stafford Loans</li> <li>6. Federal Direct PLUS Loans</li> </ol>

7. Federal Perkins Loans
8. Federal Pell Grants
9. Federal Supplemental Educational Opportunity Grants (FSEOGs)
10. other Title IV programs
11. other federal, state, private, or institutional sources of aid
12. the student

See *Refund*, *Refund policy*, and *Order of return of Title IV funds*.

### **AmeriCorps**

A program of national and community service that provides full-time education awards of up to \$4,725 a year. Individuals may work before, during, or after their postsecondary education and can use the funds either to pay current or future education expenses or to repay federal student loans. Participants must be high school graduates, have GEDs, or be working toward their GEDs.

### **appropriation**

At the federal level, a congressional legislative act allocating a specific amount of public funds to be spent for a specific purpose during a fiscal or award year. The dollar amount appropriated may be equal to or less than (but not more than) the total amount permissible under the authorizing statute. An appropriation bill originates in the U.S. House of Representatives. General appropriation acts are supposed to be approved by both houses of Congress by the seventh day after Labor Day before the start of the fiscal year to which they apply. Continuing resolutions allocate funds for expenditures when the appropriations bill for the new fiscal year has not been enacted. See *Continuing resolution* and *Supplemental appropriation*.

### **assets**

Owned property that must be reported on a student financial aid application. These are financial holdings such as cash on hand in checking and savings accounts, trusts, stocks, bonds, other securities, loan receivables, real estate (excluding the home), business equipment, and business inventory.

### **assignment**

A school's transfer of a defaulted National Defense Student Loan, National Direct Student Loan, or Federal Perkins Loan to ED for collection. Once ED accepts a loan, it acquires all rights, title, and interest on the assigned loan. In certain cases, guaranty agencies also assign defaulted loans under the FFEL Program to ED.

### **audit**

An independent examination of a school's financial transactions, accounts, reports, and compliance with applicable laws and regulations to determine whether the institution is maintaining effective control over revenues,

	<p>expenditures, assets, and liabilities; whether the institution is properly accounting for resources, liabilities, and operations; whether financial reports contain accurate, reliable, and useful financial information and are accurately presented; and whether the institution is complying with applicable laws, regulations, and ED directives. A financial audit also studies and evaluates the institution's internal accounting and administrative controls, as well as the policies, procedures, and practices used in administering student financial assistance programs. See <i>Independent audit</i>.</p>
<b>audit exceptions</b>	School actions found through an audit that are not in compliance with federal guidelines.
<b><i>Audit Guide</i></b>	An ED reference manual designed to assist independent auditors performing audits of Title IV student financial aid programs.
<b>audit report</b>	A report prepared by ED after a federal audit is performed. In a nonfederal audit, an audit report is a report prepared by an auditor or audit firm according to the guidelines provided in the <i>Audit Guide</i> or according to OMB Circular A-133. See <i>Federal audit</i> .
<b>audit trail</b>	A clear (easily followed) trail that is provided by maintaining required documentation to support each school transaction that deals with receiving and expending federal funds.
<b>authorization (legislative)</b>	At the federal level, a congressional legislative act that establishes a program, specifies its general purpose and conduct, and unless open-ended, sets a ceiling for the dollar amount that can be used to finance it. An authorization must be enacted before dollar amounts can be appropriated for program spending.
<b>authorization (spending)</b>	The approved expenditure level for a program for an award year. Each award year, ED notifies each participating institution of its authorized levels of expenditures for the Federal Pell Grant and Federal Perkins Loan Programs. See <i>Official notice of funding</i> .
<b>automated clearinghouse (ACH)</b>	<p>A nationwide, electronic financial network providing a paperless, efficient means of making payments by electronically transmitting debits and credits through the Federal Reserve Communications System. It takes three business days for funds to reach a school's bank account.</p> <p>ACH payments offer a wide range of applications, including direct deposit and preauthorized debits. Also referred to as Automated Clearinghouse/Electronic Funds Transfer (ACH/EFT).</p>
<b>automated FEDWIRE system</b>	A process of electronically transferring funds with the same day deposit for requests made before 2:00 p.m. (Eastern Standard Time) and the next day

**automated  
suspension of  
funds**

deposit for requests made after 2:00 p.m. (Eastern Standard Time). See *FEDWIRE*.

**automated voice  
response (AVR)**

The automated decrease of an allocation (authorization amount) listed in the Grant Administration and Payment System (GAPS). This decrease occurs when an inactive award (allocation) is closed. As a result, the school must adjust its own expenditure records for that allocation to that disbursement amount.

An option for placing requests for ACH payments through a service bureau. This request is made via a touch-tone telephone. It represents one of two payment-request modes available to schools. Compare *Operator-assisted mode*.

**award**

As a noun, a specific amount of financial assistance to pay for education costs offered to a student through one or more financial aid programs. As a verb, the approval of financial assistance to students, because one function of an institution is to award campus-based financial aid to students who meet all the eligibility criteria.

**award adjustment or  
revision**

An action by a financial aid office resulting in an increase, decrease, program-source substitution, or cancellation of a student's financial aid award. This may be necessitated by factors such as a change in the student's enrollment status or a change in the financial circumstances of the student's family or the student.

**award packaging**

See *Packaging*.

**award year**

The time period from July 1 of one year through June 30 of the following year for which financial aid awards are made. The award year differs from the federal fiscal year (October 1 through September 30).

**batch**

A group of records assembled in a single file that is then transmitted electronically as one unit to ED for processing. Each batch contains a header and a trailer record with information about the records in the batch, including the number of records and the school ID number.

**billing service**

A private-sector business organization that services loan accounts (billing and/or receiving) for lenders and schools. A fee is charged for the service.

**bookkeeping**

Analyzing, classifying, and recording financial transactions in accordance with a preconceived plan to provide a means by which an organization's business may be conducted in an orderly fashion and to establish a basis for reporting the financial condition of an organization and the results of its operation. The two methods of bookkeeping are single entry and double entry. See *Double-entry bookkeeping* and *Single-entry bookkeeping*.

**business office**

The school office responsible for an institution's financial accounting, including Title IV aid program activity. The office disburses financial aid award payments to students and student accounts and processes loan checks. It is sometimes referred to as the fiscal office, finance office, comptroller's office, bursar's office, treasurer's office, or student accounts office. See *Separation of functions*.

**Robert C. Byrd Honors Scholarship**

A Title IV financial aid program that makes scholarships available to full-time postsecondary students with exceptional academic ability and promise. Students apply for the merit-based scholarships through their state education agencies. The program, created in 1984, was named to honor Senator Robert C. Byrd.

**campus-based programs**

The term applied to three federal Title IV student aid programs administered on campus by eligible institutions of postsecondary education:

- Federal Perkins Loan Program,
- Federal Work-Study (FWS) Program, *and*,
- Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

See individual program names.

**cancellation (of a loan)**

This occurs when a borrower meets specific requirements that permit nullifying the borrower's obligation to repay all or a designated portion of principal and interest on a student loan. It also is referred to as "discharge." However, cancellation of a Direct Loan does not apply to that program.

**capitalizing interest**

A process in which interest that has accrued but not been paid is added to the loan principal for both the FFEL and Direct Loan Programs. Capitalizing is a consequence of delaying interest payments; it increases the amount of the principal and, consequently, the total amount that must be repaid.

**carry forward/  
carry back**

A special provision of the Federal Work-Study (FWS) Program and the Federal Supplemental Educational Opportunity Grant (FSEOG) Program that allows an institution to transfer up to 10 percent of its annual FWS and FSEOG allocations back to the previous award year or forward to the next award year. In addition, a school may carry back funds from the current award year to pay student wages earned from May 15 through June 30 of the previous award year. See *Federal Work-Study (FWS) Program* and *Federal Supplemental Educational Opportunity Grant (FSEOG) Program*.

**cash advance**

A transfer of funds from a federal agency (from an account in the U.S. Treasury through the Federal Reserve Bank) to a school.



**cash monitoring  
payment method**

When ED places a school on the cash monitoring payment method, ED requests funds after the school makes disbursements to students and parents. Schools will then be paid using either the advance payment method or reimbursement payment method.

Schools under the advance payment method request funds like other schools under that method, except ED handles the request, which cannot exceed the amount of actual disbursements the school is to make to the students and parents included in that request. Under reimbursement, the school must first make disbursements to eligible students and parents before ED requests the funds for the school through GAPS. After submitting the appropriate documentation to ED, schools are reimbursed. See *Advance payment method* and *Reimbursement payment method*.

**cash pooling**

For institutions permitted to do so, depositing federal funds for all Title IV aid programs in a single bank account.

**Central Processing  
System (CPS)**

ED's Central Processing System (CPS) analyzes information from Free Applications for Federal Student Aid (FAFSAs) and calculates Expected Family Contributions (EFCs). A series of edits is used to check the consistency of family-supplied and student-supplied information. Eligibility matches are also conducted with the U.S. Social Security Administration, the U.S. Department of Justice, the U.S. Immigration and Naturalization Service, and the U.S. Selective Service. In addition, each student is checked against ED's own defaulted-loan database. See *National Student Loan Data System (NSLDS)*.

**chart of accounts**

A list of financial account numbers and account titles arranged in a systematic way to help institutions identify the accounts in their fiscal management system and ledgers. These accounts form the foundation for the school's Title IV reporting process.

**closing**

The process of preparing, entering, and posting closing entries. A closing entry is a journal entry in which balances in revenue and expense accounts are eliminated at the end of the accounting period (calendar year or fiscal year). Because revenue and expense accounts provide the information for a statement of operations of a given accounting period, it is essential that these accounts have zero balances at the beginning of each new period. Asset, liability, and fund balance accounts are not closed at the end of the accounting period as their balances carry over to the new period.

**Code of Federal  
Regulations (CFR)**

The compilation of all federal regulations and procedural rules. Regulations implementing Title IV programs appear in 34 CFR.

**cohort default rate**

For the Federal Perkins Loan, Direct Loan, and FFEL Programs, the percentage of an institution's current and former students who entered student-loan repayment in a specific fiscal year on loans received for



attendance at that institution and who defaulted before the end of the following fiscal year. For any fiscal year in which fewer than 30 students from a school entered repayment, the percentage is determined on the basis of students who entered repayment as described above in any of the three most recent fiscal years and who defaulted before the end of the fiscal year immediately following the year they entered repayment. See *Default*.

**collection agency**

A business organization that receives lenders' loan accounts that have become delinquent or are in default and attempts to collect on those accounts. A fee is charged for the service.

**collection costs**

Reasonable costs incurred by using a collection agency or commercial skip-trace agency in an attempt to recover delinquent or defaulted student loan funds. See *Collection agency* and *Skip tracing*.

**compliance audit**

See *Audit* and *Independent audit*.

**composite score**

ED determines the composite score by:

- calculating the result of the school's primary reserve equity and net income ratios;
- calculating the strength factor score for each of those ratios by using the corresponding algorithm;
- calculating the weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage;
- summing the resulted weighed scores to arrive at the composite score; and
- rounding the composite score to one digit after the decimal point.

**continuing resolution**

At the federal level, a congressional joint agreement between the House and Senate to continue appropriations for specific government agencies (at rates generally determined on the basis of previous fiscal-year appropriation levels) when Congress has not yet enacted an appropriation act for those agencies for the current fiscal year. A continuing resolution must pass both houses of Congress and be signed by the President. See *Appropriation*.

**contra account**

The other side of an account. When used in T-account diagrams, the term "contra account" refers to the other part of the entry. For example, if a Cash Control, GAPS account is debited, the contra account (the account to be credited) might be Accounts Receivable, GAPS. If Cash Control, GAPS is credited, the contra account to be debited might be Expended Funds, GAPS. See *T-Account*.

<b>control account</b>	A ledger account in which posting occurs simultaneously to a number of identical, similar, or related accounts, usually called subsidiary ledger accounts. When these subsidiary ledger account balances are added together, that total should agree with the balance in the control account. A familiar example is accounts receivable. When several students have receivable balances in subsidiary accounts (an account receivable system), the sum of the balances for all the students agrees with the total in the general ledger, control account.
<b>corrected</b>	A category of Federal Pell Grant processed payment data returned to a school by RFMS that the school must keep on file. A school should not resubmit these records to the RFMS unless the award-year data changes.
<b>corrective action</b>	As a part of any fine, any limitation, suspension, or termination proceeding, or any adverse finding in a report or review, ED may require a post-secondary institution to take corrective action. This action may include making payments to eligible students or repaying any illegally used funds to ED. ED may offset any funds to be repaid against any benefits or claims due to the institution.
<b>corrective action plan (CAP)</b>	A written plan an institution submits to ED, as required by an ED official, a hearing official, or the U.S. Secretary of Education. In this plan, the institution explains what reasonable and appropriate steps it will take to remedy any violation(s) of applicable laws, regulations, special arrangements, agreements, or limitations based on present or prior financial aid audit or program review findings.
<b>cost of attendance (COA)</b>	Section 472 of the Higher Education Act (HEA) sets forth specific statutory parameters for cost of attendance (COA) for Title IV aid programs. A student's cost of attendance includes tuition and fees, room and board expenses while attending school, allowances for books and supplies, computer, transportation, loan fees (if applicable), dependent-care costs, costs related to a disability, and other miscellaneous expenses. In addition, reasonable costs for a study-abroad program and costs associated with a student's employment as part of a cooperative education program may be included. There are also special rules for less-than-half-time students and correspondence-study students. The cost of attendance is estimated by the school. The cost of attendance is compared to a student's Expected Family Contribution (EFC) to determine the student's need for aid.
<b>data universal numbering system (DUNS) number</b>	A distinctive nine-digit identifier assigned by Dun and Bradstreet to be used as the identifying number to access the Department of Education's Central Automated Processing System (EDCAPS) and Grant Administration and Payment System (GAPS).

**default**

For Perkins Loans: Failure of a borrower to make a loan-installment payment when due or to meet other terms of a signed promissory note or written repayment agreement.

For FFEL and Direct Loans: Failure to make a loan-installment payment on (a) a loan repayable in monthly installments for 270 days or (b) for FFEL: a loan payable in less frequent installments for 330 days.

There can be serious legal consequences for student-loan defaulters.

**deferment (of a loan)**

A period of postponement during which repaying loan principal is suspended as a result of the borrower meeting one or more of a number of deferment requirements established by law. While the borrower does not pay interest on *subsidized* loans during deferment, interest expenses continue to accumulate during deferment of an *unsubsidized* loan. Compare *Forbearance (on a loan)*.

**delivery**

In the Federal Family Education Loan (FFEL) Program, the process of a school transmitting loan proceeds to a borrower. See *Disbursement*.

**Department of Education Central Automated Processing System (EDCAPS)**

A centralized financial management system designed to integrate ED's separate financial processes.

**Direct Loan**

See *Federal Direct Loan Program*.

**disbursement**

The process by which Title IV program funds are paid to a student or parent borrower. A school may:

- pay a student or parent directly,
  - by check or other means payable to the student and requiring the student's endorsement or certification (or, in the case of a parent borrowing under the Direct Loan Program or FFEL Program, requiring the endorsement or certification of the student's parent);
  - by initiating an electronic funds transfer (EFT) to a bank account designated by the student (or, in the case of a parent borrower, an account designated by the parent); or
  - by dispensing cash to the student for which the school obtains a signed receipt from the student: *or*
- credit a student's account.

See *Delivery*.

<b>disbursement record (Direct Loans)</b>	An electronic record sent from a school to the Loan Origination Center (LOC) notifying ED when a loan disbursements has been made to a student (the day the funds are available for the student to use).
<b>disbursement record (RFMS)</b>	A record that reports to the Recipient Financial Management System (RFMS) the actual amount and date of each Federal Pell Grant disbursement.
<b>discharge</b>	See <i>Cancellation (of a loan)</i> .
<b>distribution formula</b>	A formula in federal regulations that must be used to calculate the amounts of refunds or overpayments (repayments) that must be returned to individual Title IV programs. See <i>Refund</i> and <i>Repayment</i> .
<b>double-entry bookkeeping</b>	The method in which each transaction involves a two-way, self-balancing journal entry with equal debit and credit amounts. This entry is then posted from the journal to the corresponding ledger accounts involved. See <i>Bookkeeping</i> .
<b>DUNS number</b>	See <i>Data universal numbering system (DUNS) number</i> .
<b>EDCAPS</b>	See <i>Department of Education Central Automated Processing System (EDCAPS)</i> .
<b>Electronic Data Exchange (EDE)</b>	ED's process for postsecondary institutions (and other participating destination points) to electronically transmit, receive, and correct application data, package student awards, and transmit Federal Pell Grant and Direct Loan payment information via the TIV WAN.
<b>electronic data processing (EDP) controls</b>	Controls that ensure the integrity and reliability of data. They encompass operating procedures, software security, data access, program modification, segregation of computer security duties and responsibilities, backup and recovery plans, and physical computer security.
<b>electronic funds transfer (EFT)</b>	See <i>Automated clearinghouse (ACH)</i> .
<b>electronic statement of account (ESOA)</b>	An official Pell Grant statement from ED that sets a school's authorization level for the upcoming award year and projects adjustments to the school's Pell funding needs. The ESOA also details the amount expended (the total amount submitted on Pell disbursement records) to date. ED produces an ESOA whenever the Federal Pell Grant Program adjusts a school's current Federal Pell Grant authorization. See <i>Federal Pell Grant Program</i> .
<b>eligible institution</b>	A public or private nonprofit institution of higher education, a postsecondary vocational school, or a proprietary institution of higher education that meets all the criteria to participate in Title IV student financial aid programs.

**eligible student**

The definition of a student eligible to receive federal financial aid from ED is discussed in detail in the *Student Financial Aid Handbook: Student Eligibility* and Section 668.7 of the Student Assistance General Provisions regulations.

**emergency action**

Action taken by ED against an eligible postsecondary institution. This action includes withholding funds from the institution or its students and withdrawing the authority of the institution to obligate federal funds under any or all of the Title IV student aid programs. Emergency action is taken when ED:

- receives information that the institution is violating applicable laws, regulations, special arrangements, agreements, or limitations;
- determines that the likelihood of loss to the federal government outweighs putting in place limitation, suspension, or termination procedures; *and*
- determines that immediate action is necessary to prevent misuse of federal funds.

See *Limitation, suspension, or termination (LS&T)* and *Program Participation Agreement (PPA)*.

**enrollment period**

For the Federal Family Education Loan (FFEL) and Direct Loan Programs, the period of time for which a borrower's loan is intended and during which a student is enrolled. For a school that uses academic terms (semester, trimester, or quarter), an enrollment period must coincide with one or more terms or with an academic year. For a school that does not use academic terms, an enrollment period must coincide with the length of a student's program of study or an academic year. Compare *Payment period*.

**enrollment status**

At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress in credit hours, enrollment status equals a student's credit-hour course load. At these schools, a full-time undergraduate student enrolls in at least 12 semester hours or 12 quarter hours each term.

At those institutions measuring progress in clock hours, enrollment status equals a student's clock-hour course load. At these schools, a full-time student receives 24 hours of instruction in one week.

At either type of school, student enrollment may be categorized as full-time, three-quarter-time, half-time, or less-than-half-time.

At those institutions using a combination of both credit and clock hours, enrollment status for a full-time student is any combination of credit and

clock hours where the sum of the following fractions is equal to or greater than one.

- For a program using a semester, trimester, or quarter system:

$$\frac{\text{Number of credit hours per term}}{12}$$

plus

$$\frac{\text{Number of clock hours per week}}{24}$$

- For a program not using a semester, trimester, or quarter system:

$$\frac{\text{Number of semester or trimester hours per academic year}}{24}$$

plus

$$\frac{\text{Number of quarter hours per academic year}}{36}$$

plus

$$\frac{\text{Number of clock hours per week}}{24}$$

At non-term institutions, enrollment status for a full-time student is 24 semester hours or 36 quarter hours per academic year or the prorated equivalent for a program of less than one academic year.

#### **entrance counseling (for a student borrower)**

Each institution participating in the Federal Perkins, FFEL, and Direct Loan Programs (excluding PLUS and Direct PLUS loans) must offer loan counseling to first-time student borrowers called “entrance” counseling. The institution must offer this counseling before delivering the first disbursement of any of these loans to a borrower at the institution. Entrance counseling covers the borrower’s rights and responsibilities, the terms and conditions of the loan, and the consequences of default. Compare *Exit counseling (for a student borrower)*.

Direct Loan schools have the option of using an alternative approach. (See CFR 685.304(a)(5).)

#### **entrance interview (for a compliance audit)**

A meeting, before the beginning of a financial aid audit, between an auditor and school administrative officials involved in the audit. Operating rules, an agenda, and a schedule for the on-site work are established. A similar

	interview is conducted by a federal official prior to conducting a program review. See <i>Audit</i> . Compare <i>Exit interview (for a compliance audit)</i> .
<b>equity ratio</b>	<p>Under the financial responsibility regulations, the equity ratio is:</p> <ul style="list-style-type: none"> <li>For <i>proprietary schools</i>: <math display="block">\frac{\text{Modified Equity}}{\text{Modified Assets}}</math></li> <li>For <i>private non-profit schools</i>: <math display="block">\frac{\text{Modified Net Assets}}{\text{Modified Assets}}</math></li> </ul> <p>For further definitions and other details refer to 34 CFR 668– Subpart K, Appendix F (proprietary) and Appendix G (private, nonprofit).</p>
<b>ESOA</b>	See <i>Electronic statement of account (ESOA)</i> .
<b>excess cash</b>	Any amount of Title IV program funds (other than FFEL Program or Federal Perkins Loan Program funds) that a school does not disburse to students by the end of the third business day following the date the school received the funds.
<b>exit counseling (for a student borrower)</b>	Each institution participating in the Federal Perkins, FFEL, and Direct Loan Programs (excluding PLUS and Direct PLUS loans) must offer loan counseling called “exit” counseling to student borrowers. For Federal Perkins borrowers, the interview must take place before the borrower leaves school. In the case of FFEL and Direct Loan student borrowers, the interview must take place shortly before the borrower ceases at least half-time enrollment. During the interview, the borrower’s rights and responsibilities are reviewed, details about handling loan repayment are discussed, and the average indebtedness of the school’s borrowers must be disclosed. Borrowers are also required to provide updated personal information, such as address, telephone number, employer (if known), and driver’s license and state of issuance. See the <i>1999-2000 Student Financial Aid Handbook: Campus-Based Programs Reference and Direct Loan and FFEL Programs Reference</i> for complete information on loan counseling requirements. Compare <i>Entrance counseling (for a student borrower)</i> .
<b>exit interview (for a compliance audit)</b>	A closing meeting, following completion of a financial aid audit, between an auditor and administrative officials of the school involved in the audit. General audit findings and conclusions that will be included in the audit report are discussed. A similar interview is conducted by a federal official after conducting a program review. See <i>Audit</i> . Compare <i>Entrance interview (for a compliance audit)</i> .
<b>Expected Family Contribution (EFC)</b>	The figure that indicates how much of a family’s financial resources should be available to help pay a student’s postsecondary education expenses. This figure, determined according to a statutorily defined method known as



**FAFSA (Free Application for Federal Student Aid)**

need analysis, is used for all students in determining eligibility for most federal Title IV student financial aid.

A student financial aid application form completed by a student and his or her family. It is the ED input document that serves as the foundation for all need analysis computations. The FAFSA gathers all the data to calculate the Expected Family Contribution (EFC). See *Expected Family Contribution (EFC)*, *Need analysis*, and *Renewal FAFSA*.

**federal audit**

A financial and/or compliance audit conducted by an office or officer of a federal agency, such as a representative from ED's Office of Inspector General.

**Federal Capital Contribution (FCC)**

The portion of a school's Federal Perkins Loan fund allocated to an institution by the federal government for a specific award year. Compare *Institutional Capital Contribution (ICC)*.

**Federal Consolidation Loan**

An FFEL Program loan originated by the Student Loan Marketing Association (Sallie Mae) or other eligible lenders. The loan can combine multiple student loans made under Title IV programs, the Health Professions Student Loan (HPSL) Program, the Health Education Assistance Loan (HEAL) Program, and the Nursing Student Loan Program (NSLP) into a single loan with one monthly payment. Delinquent or defaulted borrowers may be allowed to establish a repayment schedule through a consolidation loan. Compare *Federal Direct Consolidation Loan*.

**Federal Direct Consolidation Loan**

A loan is arranged through ED's Direct Loan Servicing Center. The loan is designed to combine Title IV education loans (including non-Direct loans) into a single loan with one monthly repayment. Borrowers may also consolidate certain student loans provided by the U.S. Department of Health and Human Services. If borrowers consolidate defaulted loans, a new payment schedule is established. Compare *Federal Consolidation Loan*.

**Federal Direct Loan Program (William D. Ford Federal Direct Loan Program)**

A federal program where the U.S. government (not a commercial lender) provides four types of education loans to student and parent borrowers:

- the Federal Direct Subsidized Stafford/Ford Loan,
- the Federal Direct Unsubsidized Stafford/Ford Loan,
- the Federal Direct PLUS Loan, and
- the Federal Direct Consolidation Loan.

These are also referred to collectively as Direct Loans.

See individual loan names.

**Federal Direct PLUS Loan**

Parents may borrow from this education loan program on behalf of their dependent children. As one of the Direct Loans, Direct PLUS Loans are made directly by the federal government through students' schools. Compare *Federal PLUS Loan*.

**Federal Direct Stafford/Ford Loan (subsidized)**

On the basis of student financial need, this Direct Loan Program loan provides federally financed low-interest loans to students who are in undergraduate, graduate, or professional programs. During in-school, grace, and deferment periods, the federal government does not charge interest on the loan. See *Federal Direct Unsubsidized Stafford/Ford Loan*. Compare *Federal Stafford Loan (Subsidized)*.

**Federal Direct Unsubsidized Stafford/Ford Loan**

This Direct Loan Program loan provides federally financed, low-interest loans to students who are in undergraduate, graduate, or professional programs. These loans are not based on financial need and are not government subsidized. The borrower may pay the interest charges on the loan on a quarterly basis during in-school, grace, or deferment periods, or may allow the interest to accumulate and be capitalized when repayment begins. See *Capitalizing interest* and *Federal Direct Stafford/Ford Loan (Subsidized)*. Compare *Unsubsidized Federal Stafford Loan*.

**Federal Family Education Loan (FFEL) Program**

The Federal Family Education Loan (FFEL) Program is made up of Federal Stafford Loans (both subsidized and unsubsidized), Federal PLUS (parent) Loans, and Federal Consolidation Loans. All of these are long-term loans insured by state or private nonprofit guaranty agencies that are reimbursed by the federal government for all or part of the insurance claims paid to lenders. This guarantee replaces the collateral or security usually required with long-term consumer loans.

See individual loan names.

**Federal Pell Grant payment and disbursement schedules**

Charts published annually by the U.S. Secretary of Education that determine the dollar value of student Federal Pell Grant awards on the basis of schools' costs of attendance (COA) and students' Expected Family Contribution (EFC).

**Federal Pell Grant Program**

A grant program for undergraduate students who have not completed a first baccalaureate degree. It is designed to financially assist students with need who are the least able to contribute toward their basic education expenses.

Students enrolled in a teacher certification program are also eligible if they are enrolled:

- at least half time,
- at a school that does not offer a baccalaureate degree in education,

- in a postbaccalaureate program not leading to a graduate degree, *and*
- in teacher certificate courses required by a state to teach in that state.

If students apply, meet all the eligibility criteria, and are enrolled in an eligible program at an eligible institution, they will receive Federal Pell Grants. Formerly, this grant was called the Basic Educational Opportunity Grant (BEOG). In 1982, it was renamed to honor Senator Claiborne Pell; later the word “Federal” was added to its name.

### **Federal Perkins Loan Program**

This campus-based loan program provides low-interest student loans to undergraduate and graduate students with financial need. Formerly, it was called the National Direct Student Loan (NDSL) Program and originally, the National Defense Student Loan Program. In 1987, it was renamed to honor Congressman Carl D. Perkins; later the word “Federal” was added to its name. See *Campus-based programs*.

### **Federal PLUS Loan**

Parents may borrow from this education loan program (FFEL) on behalf of their dependent children. Loans are made by lenders such as banks, credit unions, or savings and loan associations. Compare *Federal Direct PLUS Loan*.

### **Federal Register**

The government publication, published each weekday (except federal holidays), that prints regulations, regulatory amendments, notices, and proposed regulatory changes for all federal executive agencies. ED sends reprints of excerpts from the *Federal Register* that pertain to federal student financial aid to all institutions participating in Title IV programs and makes them available on ED’s Information for Financial Aid Professionals (IFAP) Web site.

### **Federal Stafford Loan (subsidized)**

An FFEL loan program providing federally subsidized, low-interest loans to students in undergraduate, graduate, or professional programs. Subsidized loans are awarded on the basis of student financial need. The loan formerly was part of the Guaranteed Student Loan (GSL) Program. In 1987, it was renamed to honor Senator Robert T. Stafford; later, the word “Federal” was added to its name. See *Unsubsidized Federal Stafford Loan*. Compare *Federal Direct Stafford/Ford Loan (Subsidized)*.

### **Federal Supplemental Educational Opportunity Grant (FSEOG) Program**

A campus-based aid program that provides grant assistance to students with financial need who are in undergraduate programs and have not earned a bachelor’s degree or first professional degree. Priority in awarding Federal Supplemental Educational Opportunity Grant (FSEOG) funds is given to students who have exceptional financial need and are Federal Pell Grant recipients. See *Campus-based programs*.

**Federal Work-Study (FWS) Program**

A campus-based, federally funded employment program that provides paid jobs for undergraduate or graduate students who need such earnings to meet a portion of their education expenses. See *Campus-based programs*.

**FEDWIRE**

This system provides for electronic funds transfer (EFT) through the Federal Reserve Communications System (FRCS). The system differs from the automated clearinghouse (ACH) in that funds are deposited directly into a school's deposit account the day the payment is sent through the FRCS. Financial institutions charge for this type of funds transfer. (There is no charge to a school for ACH transfer.)

The U.S. Treasury Department's Financial Communications System (TFCS) Deposit Message Retrieval System (DMRS) uses FEDWIRE for returning funds to ED, including:

- a liability or combination of liabilities totaling \$100,000 or more for a prior award year (except for some Federal Perkins Loan liabilities);
- excess cash in, or liquidation of, a Federal Perkins Loan fund; *and*
- ED-proposed or assessed fines of \$100,000 or more.

See *Automated FEDWIRE system*. Compare *Automated clearinghouse (ACH)*.

**Final Audit Determination (FAD)**

The evaluation by ED of findings and recommendations included in an audit report and the issuance of a final decision by ED management in a Final Audit Determination Letter (FADL) relating ED's response to such findings and recommendations, including actions determined to be necessary.

**Final Audit Determination Letter (FADL)**

An official written notice by the Primary Action official to the auditee (the school) detailing ED's management decision, including all necessary actions and financial adjustments necessary to resolve the findings in an external audit report.

**Final Program Review Determination (FPRD)**

The letter ED sends to school officials to close out the program review process. The FPRD finalizes the status of findings that were outlined in the original Program Review Report, indicating those that are considered "resolved" and those the school failed to resolve. This may include assessment of liabilities the school must pay to ED. The school has the right to appeal the FPRD.

**final regulations**

Federal government operating rules published in the *Federal Register*. Final regulations, which have the force of law, usually take effect 45 days after the date they are published.

	<p>There are exceptions to the 45-day period because of the master calendar of the Higher Education Act (HEA). The master calendar gives specific dates by which federal forms are to be developed and distributed, as well as dates campus-based program funds will be allocated and Federal Pell Grant funds will be authorized for an award year. See <i>Federal Register</i> and <i>Notice of proposed rulemaking (NPRM)</i>.</p>
<b>financial aid transcript (FAT)</b>	<p>A document used by institutions to collect data about Title IV aid and other financial aid received by a student at other educational institutions. Upon request by a student or his/her current school, institutions must provide completed financial aid transcripts (FATs) at no charge to students and former students. FATs are retrieved through the National Student Loan Data System (NSLDS).</p>
<b>financial need</b>	<p>The difference between the student's cost of attendance (COA) at a specific institution and what the student's family is able to pay—the Expected Family Contribution (EFC). [COA-EFC=student's financial need.] See <i>Cost of Attendance (COA)</i> and <i>Expected Family Contribution (EFC)</i>.</p>
<b>financial responsibility</b>	<p>An institution must show that it has the financial responsibility to participate in federal Title IV student aid programs. Financial responsibility covers general standards as well as alternatives institutions must meet. The standards include those for proprietary, private non-profit, and public institutions and cover the past performance of an institution or persons affiliated with an institution. For further information, refer to Section 668, Subpart K of the Student Assistance General Provisions regulations; <i>Federal Register</i>, November 25, 1997; or Chapter Two of <i>The Blue Book</i>.</p> <p>See also <i>Administrative capability</i>.</p>
<b>financial statement</b>	<p>A report prepared at the end of a school's fiscal year that provides an overview of the institution's financial activities for that fiscal year. Financial statements are audited by an Independent Public Accountant (IPA) and submitted to the U.S. Department of Education in accordance with applicable regulations.</p>
<b>findings</b>	<p>See <i>Program review exceptions</i>.</p>
<b>FISAP (Fiscal Operations Report and Application to Participate)</b>	<p>A computer-based report on fiscal operations and an application to participate in the upcoming award year that must be submitted to ED by schools that participate in campus-based programs. A school may submit the data using either a personal computer or a mainframe computer. See <i>FISAP (Fiscal Operations Report and Application to Participate)</i>. See <i>Campus-based programs</i>.</p>

**fiscal operations**

Activities related to managing and completing financial transactions. Funds management, including student accounts, is the primary responsibility of an institution's business office.

**forbearance (on a loan)**

When a Federal Family Education Loan (FFEL) Program lender (or the U.S. Department of Education for Direct Loans) allows a *temporary* cessation of payments or reduction of payment amounts for subsidized or unsubsidized Federal Stafford, Federal PLUS, Federal Perkins, or any of the Direct Loans. In doing so, it allows an extended period for making payments or accepts smaller payments than were previously scheduled. Forbearance may be given for circumstances that are not covered by deferment, for example. Interest expenses continue to accrue during forbearance. Forbearance is an option of the FFEL lender or ED. However, there are a few circumstances where forbearance is mandatory for FFEL borrowers. See CFR 682.211(i) and CFR 682.211(j). Compare *Deferment (of a loan)*.

**William D. Ford Federal Direct Loan Program**

See *Federal Direct Loan Program*.

**Form PMS 270**

See *Reimbursement payment method*.

**Free Application for Federal Student Aid**

See *FAFSA*.

**fund**

A self-balancing group of accounts that consists of:

- assets,
- liabilities,
- revenues,
- expenses, *and*
- fund balance.

Funds separated in an institution's books are limited to specific uses and are accounted for using a double-entry bookkeeping system.

**Gaining Early Awareness and Readiness for Undergraduates Program (GEAR UP)**

GEAR UP provides a range of early intervention services to middle schools serving a high percentage of low-income students. Partnerships are required to include a degree-granting institution of higher education, a middle school in which 50 percent of the students are eligible for free or reduced lunch, high schools where these students will ultimately enroll, and at least two community organizations. States can also be grantees.



As a part of GEAR UP, ED provides states with grants to:

- provide or maintain a guaranteed amount of financial assistance necessary to permit eligible low-income students who obtain high school diplomas or the equivalent to attend institutions of higher education;
- provide financial incentives in cooperation with local educational agencies, institutions of higher education, community organizations, and business; and
- provide a variety of early-intervention services.

**GAPS**

See *Grant Administration and Payment System (GAPS)*.

**GEAR UP**

See *Gaining Early Awareness and Readiness for Undergraduates Program*.

**gift aid**

Financial aid that a student is not required to repay or earn through employment. Generally, gift aid is in the form of a grant or scholarship. Compare *Self-help aid*.

**grace period**

The time period that begins the day after a loan recipient ceases to be enrolled at least half time and ends the day before the loan repayment period starts.

**Grant Administration and Payment System (GAPS)**

The ED payment system that provides financial management support services for the Title IV funds delivery system. Functions supported by GAPS include planning grant awards, obligation of award authorizations, disbursement of funds, and final grant closeout for Title IV programs.

**grant programs**

Gift-aid programs that require neither repayment nor a work obligation from students. Federal Title IV grant programs are the Federal Pell Grant Program, Federal Supplemental Educational Opportunity Grant (FSEOG) Program, and Leveraging Educational Assistance Partnership (LEAP) Program. See individual grant program names.

**guaranty agency**

A state agency or private, nonprofit institution or organization that administers the financial aid programs within the Federal Family Education Loans (FFEL) Program. A major function is to insure FFEL Program loans. Guaranty agencies are reimbursed by the federal government for all or part of insurance claims they pay to lenders.

**Higher Education Act of 1965, as amended (HEA)**

Landmark national higher education passed by Congress and signed by President Lyndon B. Johnson in 1965, as well as subsequent amendments and reauthorizing (extending) legislation of the statute. Title IV of the HEA authorizes the majority of the nation's federal postsecondary student financial aid programs and mandates that they be regulated and administered by the U.S. Secretary of Education. The HEA is effective for



	<p>approximately six years, requiring Congress to reauthorize it every five years or so or to extend the legislation for up to one additional year. The most recent reauthorization was in 1998. The statute's most current version, as amended, always stands as the official version of the law. See <i>Reauthorization</i> and <i>Title IV student financial aid</i>.</p>
<b>Higher Education Amendments of 1992</b>	<p>Congressional amendments and changes to the Higher Education Act of 1965, as amended (HEA), put in place during the 1992 reauthorization of the HEA. They became federal law on July 23, 1992 when President George Bush signed the bill. Sometimes referred to as “the 1992 Amendments” or “the Amendments” in second and multiple-use references.</p>
<b>Higher Education Amendments of 1998</b>	<p>Technical changes and additions to the 1992 reauthorization of the Higher Education Act (HEA) made in 1998. Although President Bill Clinton signed the bill on October 7, 1998, most of the amendments became effective on October 1, 1998. The HEA of 1998 amendments are also known as Public Law 105-244.</p>
<b>immediate need</b>	<p>A school requests funds to meet its “immediate need” for disbursing Federal Pell Grant Program, Direct Loan Program, and campus-based program awards. Immediate need is defined as the amount of funds a school needs to make disbursements to students within the next three business days. Recipients request funds as needed, for example, every three days, once a week, or whatever is appropriate. (NOTE: Immediate need does not authorize an institution to maintain a federally funded cash-on-hand balance.) See <i>Automated clearinghouse (ACH)</i> and <i>Automated FEDWIRE system</i>.</p>
<b>incarcerated student</b>	<p>A student who is serving a criminal sentence in a federal, state, or local correctional facility. A student in a less formal arrangement, such as a halfway house, home detention, or sentenced to serve only weekends, is not considered to be incarcerated. Students incarcerated in federal or state correctional facilities are not eligible to receive Title IV aid; however, students incarcerated in local correctional facilities are eligible for Federal Pell Grant, FSEOG, and LEAP funds.</p>
<b>independent audit</b>	<p>See <i>Audit</i> and <i>Nonfederal audit</i>.</p>
<b>independent auditor</b>	<p>An accountant who is a public accountant or government auditor, who must be qualified under both generally accepted auditing standards and government auditing standards, and who:</p> <ul style="list-style-type: none"> <li>• is free from personal and external impairments to independence,</li> <li>• is organizationally independent, <i>and</i></li> <li>• maintains an independent attitude and appearance.</li> </ul>

	See <i>Nonfederal audit</i> .
<b>in-house control documents</b>	Documents a school uses to meet federal record-keeping requirements for federal student financial aid programs, provide data needed for aid-related reports, and maintain a clear audit trail.
<b>Institutional Capital Contribution (ICC)</b>	The portion of a school's Federal Perkins Loan fund contributed by an institution. Institutional capital contributions (ICCs) must be equal to at least one-third (33 1/3 percent) of the new federal capital contribution (FCC) amount <i>or</i> one quarter (25 percent) of the combined FCC <i>plus</i> ICC. Compare <i>Federal Capital Contribution (FCC)</i> and <i>Program Participation Agreement (PPA)</i> .
<b>institutional liability</b>	Financial penalties or repayments that an institution must pay to ED as a result of incorrect institutional action or actions. A liability is the difference between the actual expenditures reported by the institution in GAPS for an Obligation Document Number for the award year and the final allowable expenditures as determined by the auditor, program reviewer, or hearing official.
<b>Institutional Participation and Oversight Service (IPOS)</b>	A division in ED responsible for institutional audit resolution, program review, financial statement, analysis, initial certification, and recertification.
<b>Institutional Student Information Record (ISIR)</b>	An electronic output document generated by ED's Central Processing System (CPS) that summarizes information submitted on a student's Free Application for Federal Student Aid (FAFSA) and provides financial-need calculations (including the student's Expected Family Contribution [EFC]) on the basis of the submitted data. It is available to schools through the Electronic Data Exchange (EDE). The ISIR includes full applicant data and information on reject reasons, comments, and assumptions. See <i>Student Aid Report (SAR)</i> .
<b>interest benefits</b>	The interest (benefit) payments made by ED to an FFEL Program lender on behalf of a student. These payments are made by ED at the student's subsidized Federal Stafford Loan interest rate, but only during certain periods: the student's enrollment (at least half time), the grace period, or any authorized deferment period. Interest benefits are not paid on unsubsidized Federal Stafford Loans. See <i>Special allowance</i> .
<b>Job Location and Development (JLD) Program</b>	Under the Job Location and Development (JLD) Program, an institution can use up to 10 percent or \$50,000 (whichever is less) of its annual Federal Work-Study (FWS) Program allocation to expand off-campus job opportunities, including community-service jobs for its currently enrolled students. Jobs may be in either profit or nonprofit settings. Students in this program do not have to meet Federal Work-Study (FWS) criteria, show

financial need, or meet other Title IV student eligibility criteria. See *Federal Work-Study (FWS) Program*.

**journal**

A bookkeeping method of original entry, providing a chronological record of the debit and credit elements of each transaction. As transactions occur, they are entered initially into the journal. At frequent intervals, such as daily, weekly, or at least monthly, the debits and credits recorded in the journal are transferred (posted) to the individual accounts in a ledger. See *Ledger*.

**just-in-time payment method**

Under this method, a school electronically submits a request for funds up to five days before the actual date of disbursement for the Federal Pell Grant Program. The request includes the date and amount of the disbursement it will make or has made to each student or parent. ED places funds in a participating school's bank account before they are needed to make student disbursements. Unlike schools using the advance payment method, these schools do not receive advance authorization of funds. In 1999-2000, this method will be tested under a pilot program by a small group of schools for the Federal Pell Grant Program.

**ledger**

A book of accounts in which each item of a monetary nature to be included in reports is assigned an account. Posting from a journal to the ledger results in each account having either a debit or credit balance that is shown on a particular report listing. Separate ledgers should be maintained for each program or fund. See *Journal*.

**level of expenditure (LOE)**

The total amount of Federal Perkins Loan funds a school is allowed to use to make loans to students and to pay administrative and collection costs in a given award year. A school's level of expenditure (LOE) is calculated by ED on the basis of funds available from a school's collection of outstanding Federal Perkins Loans, the amount of Federal Capital Contribution (FCC) the school receives, and the amount of Institutional Capital Contribution (ICC) the school provides.

**Leveraging Educational Assistance Partnership (LEAP) Program**

A Title IV gift-aid program jointly funded by the federal government and participating states. It provides state scholarship or grant assistance to students who show financial need. Previously it was called the State Student Incentive Grant (SSIG) Program.

**limitation, suspension, or termination (LS&T)**

Actions undertaken by ED against a postsecondary institution that has either:

- violated the laws or regulations governing Title IV or Title VII student financial aid programs or the Program Participation Agreement or any other agreement made under the law or regulations *or*

- substantially misrepresented the nature of its educational program, its financial charges, or the employability of its graduates.

These ED actions against the institution may include proceedings on limitation, suspension, or termination (LS&T) of the school's participation in federal student financial aid programs; assessing fines up to \$25,000 for each statutory or regulatory violation; and/or implementing emergency action.

A *limitation* means the postsecondary institution agrees to abide by certain specific restrictions or conditions in its administration of student financial aid programs so that it can continue to participate in any of those programs. A limitation lasts for at least 12 months and, if a postsecondary institution fails to abide by the limitation's conditions, termination proceedings may be initiated.

A *suspension* removes an institution from participating in Title IV and Title VII student financial aid programs for a period not to exceed 60 days, unless a limitation proceeding has begun. Suspension actions are used when a postsecondary institution can be expected to correct a program violation in a short time.

A *termination* ends a postsecondary institution's participation in Title IV and Title VII programs.

A *terminated institution* can be reinstated at a later date by ED to participate in Title IV and Title VII programs.

However, at least three months must elapse from the school's suspension and at least 18 months must elapse from the school's limitation or termination before an institution can request reinstatement. The request must be in writing. See *Emergency action and Program Participation Agreement (PPA)*.

## loan

An advance of funds guaranteed by a signed promissory note in which the recipient of the funds promises to repay a specified amount under prescribed conditions.

## loan disclosure statement

A statement sent to a loan borrower by the lender before or at the time it disburses a loan, as well as before the start of the repayment period. The purpose of the disclosure is to provide the borrower with thorough and accurate information about the loan terms and the consequences of default. It includes information such as the:

- amount of the loan,
- interest rate,

- fee charges,
- length of the grace period (if any),
- the maximum length of the repayment,
- the minimum annual repayment,
- deferment conditions, *and*
- the definition of default.

**Loan Origination Center (LOC)**

The Direct Loan contractor facility located in Montgomery, Alabama that is responsible for managing and overseeing the day-to-day operations of the Direct Loan Program.

**master calendar**

To assure adequate notification about, and timely delivery of, Title IV financial aid, ED operates using a master calendar defined in the Higher Education Act (HEA). This calendar gives specific dates by which federal forms will be developed and distributed, as well as dates campus-based funds will be allocated and Federal Pell Grant funds will be authorized for an award year. The master calendar determines by what dates federal financial aid regulations must be published. Refer to Section 1.8 of *The Blue Book* for further details on the master calendar.

**Modernization Blueprint**

A collaborative effort by financial aid administrators, higher education officials, business leaders, and students to:

- reexamine customer needs,
- improve and integrate customer access to information and funds, *and*
- modernize federal student financial aid programs using up-to-date technology and business processes.

**multiple reporting record (MRR)**

A record automatically generated by the Recipient Financial Management System (RFMS) when it receives origination and disbursement records from more than one school for the same student during the same payment period. It informs a school about other schools that have submitted origination and disbursement records for the same student during that period. MRRs can also be requested by a school.

**National Student Loan Data System (NSLDS)**

An ED database that collects and maintains data on recipients from:

- the Federal Family Education Loan (FFEL) Program,
- the William D. Ford Federal Direct Loan Program,

- the Federal Perkins Loan Program (including National Direct, National Defense, and Income Contingent Loans),
- the Federal Pell Grant Program, and
- the Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

This database is updated weekly or monthly using information provided by:

- ED's Central Processing System (CPS),
- ED's Debt Collection Service (DCS),
- ED's Postsecondary Education Participant System (PEPS),
- ED's Direct Loan Servicing Center (LSC),
- ED's Recipient Financial Management System (RFMS),
- schools,
- lenders, and
- guaranty agencies.

**nationally  
recognized  
accrediting agency  
or association**

An independent organization that monitors schools' practices and that certifies or approves schools to operate and/or offer certain programs of study. For schools participating in Title IV programs, these organizations must be approved by the U.S. Secretary of Education. See *Site visit*.

**need analysis**

The statutorily defined method for determining Expected Family Contributions (EFCs) for all students applying for federal student financial aid. See *Cost of Attendance (COA)* and *Expected Family Contribution (EFC)*.

**net income ratio**

Under the financial responsibility regulations, the equity ratio is:

- *For proprietary schools:* 
$$\frac{\text{Income Before Taxes}}{\text{Total Revenue}}$$
- *For private non-profit schools:* 
$$\frac{\text{Change in Unrestricted Net Assets}}{\text{Total Unrestricted Revenue}}$$

For further definitions and other details refer to 34 CFR 668–Subpart K, Appendix F (proprietary) and Appendix G (private, nonprofit).

**nonfederal audit**

An institutional financial statement and/or compliance audit conducted by an independent public accountant (as defined by the audit standards of the U.S. General Accounting Office) who has been hired by the institution.

	Also called an independent audit or an OMB Circular A-133 audit. See <i>Audit</i> and <i>Independent auditor</i> .
<b>nonfederal share</b>	The portion of campus-based program funds that a school must contribute from a nonfederal source (usually the portion comes from the school itself). For Title IV campus-based programs, a nonfederal source must contribute amounts equal to at least one-third (33 1/3 percent) of the federal contribution to the school's Federal Perkins Loan fund; one-quarter (25 percent) of Federal Work-Study (FWS) awards; and one-quarter (25 percent) of Federal Supplemental Educational Opportunity Grant (FSEOG) awards.
<b>Notice of Proposed Rulemaking (NPRM)</b>	<p>Notice printed in the <i>Federal Register</i> of proposed regulations from a government agency, such as ED. Interested parties are invited to submit comments and recommendations about proposed regulations. All proposed regulations are subject to this process, including issues to be negotiated.</p> <ul style="list-style-type: none"> <li>• The exception is if ED determines that it is impractical, unnecessary, or contrary to the public interest to publish proposed regulations and publishes the basis for its determination.</li> </ul> <p>See <i>Federal Register</i> and <i>Final regulations</i>.</p>
<b>official notice of funding</b>	A computer-generated letter a school receives from ED that lists final allocation amounts for each federal campus-based financial aid program a school administers. The notice, which must be sent by April 1, notifies the school of the allocation amounts it will receive for the upcoming award year, which begins the following July 1.
<b>operator-assisted mode</b>	One of the two modes schools and other GAPS recipients use to request funds from GAPS under the automated clearinghouse (ACH). As the name implies, recipients speak directly to an operator to request funds. Compare <i>Automated voice response (AVR)</i> .
<b>order of return of Title IV funds</b>	<p>Requires that funds are credited to outstanding loan balances for the payment period or period of enrollment for which a return of funds is required and that the funds are returned in the following order:</p> <ol style="list-style-type: none"> <li>1. Unsubsidized Federal Stafford Loans</li> <li>2. Subsidized Federal Stafford Loans</li> <li>3. Unsubsidized Direct Stafford Loans (other than PLUS loans)</li> <li>4. Subsidized Direct Stafford Loans</li> <li>5. Perkins Loans</li> </ol>



## 6. Federal PLUS Loans

## 7. Direct PLUS Loans

If funds remain after repaying all loan amounts, the remaining funds must be credited in the following order:

1. Federal Pell Grants for the payment period for which a return of funds is required.
2. Federal Supplement Educational Opportunity Grant (FSEOG) for the payment period for which a return of funds is required,
3. Other assistance under this Title for which a return of funds is required.

This order in returning funds is effective on October 7, 2000 or earlier if the school chooses to implement the “Return of Title IV aid” provisions before that date.

#### origination record (Direct Loan)

Data collected from the borrower and entered into a loan origination record. The record:

- is part of the borrower’s permanent loan record,
- consists of the required demographic, financial, and statistical information,
- is the initial record required to “book” a loan, and
- must be created while the borrower meets all eligibility requirements.

These records are created electronically using either software provided by ED or other software that meets ED’s specifications.

#### origination record (RFMS)

A record that reports to the Recipient Financial Management System (RFMS) expected award information about each student who may receive a Federal Pell Grant. It also verifies a student’s eligibility for a Pell Grant.

#### overpayment

Any financial aid amount paid to a student in excess of the amount the student is eligible to receive. This situation may arise due to a student’s change in enrollment status, withdrawal, or change in financial situation. Except for Federal Work-Study funds, the student would be required to repay excess funds received *unless* adjustments could be made to the student’s aid during subsequent payment periods within the same award year. See *Repayment*.

<b>packaging</b>	The process of assembling one or more financial aid awards of loans, grants and/or scholarships, as well as employment, for a student; also referred to as award packaging.
<b>payment period</b>	A school-defined length of time for which financial aid funds are paid to a student. For programs using academic terms, a payment period is equal to a term. For programs not using academic terms, schools must designate at least two payment periods within an academic year that meets all applicable regulations. In the Federal Family Education Loan (FFEL) Program and campus-based programs, a payment period is the time between the beginning and midpoint and between the midpoint and the end of the academic year or non-traditional program calendar. The Federal Pell Grant Program payment period is defined in 34 CFR 690.3 of the Federal Pell Grant regulations. The concept of a payment period is not used in the Direct Loan Program. Compare <i>Enrollment period</i> .
<b>peer evaluation</b>	An objective review of an institution's policies, procedures, and practices by a financial aid administrator from another school or by a consultant. Peer evaluations also allow first-hand observations and comparisons of how comparable institutions carry out financial aid responsibilities.
<b>Pell Grant</b>	See <i>Federal Pell Grant Program</i> .
<b>period of enrollment</b>	See <i>Enrollment period</i> .
<b>Perkins Loan</b>	See <i>Federal Perkins Loan Program</i> .
<b>PLUS Loan</b>	See <i>Federal Direct PLUS Loan</i> and <i>Federal PLUS Loan</i> .
<b>policies and procedures manual</b>	An in-house manual that helps an institution effectively and consistently manage financial aid using a compilation of written policies and procedures. Although ED does not require such a manual be used, it recommends that a school compile one, especially as federal financial aid regulations require schools to have, maintain, and disclose certain written policies.
<b>posting</b>	Transferring the debits and credits from a journal to the proper control and subsidiary ledger accounts. Each amount recorded in the debit column of a journal is posted by entering it on the debit side of the appropriate ledger account, and each amount recorded in the credit column of the journal is posted by entering it on the credit side of the appropriate ledger account.
<b>primary reserve ratio</b>	Under the financial responsibility regulations, the equity ratio is: <ul style="list-style-type: none"> <li>For proprietary schools: <math display="block">\frac{\text{Adjusted Equity}}{\text{Total Expenses}}</math></li> </ul>

- For private non-profit schools:  $\frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$

For further definitions and other details refer to 34 CFR 668–Subpart K, Appendix F (proprietary) and Appendix G (private, nonprofit).

**principal and interest**

Principal is the loan amount borrowed. Interest is the amount the FFEL lender *or* ED for Direct Loans *or* the postsecondary institution for Perkins Loans charges a borrower for using the money. Interest rates are usually stated in annual percentages. A loan must be repaid; both principal and interest are included in the repayment made by the borrower to the lender *or* ED *or* the school.

**prior year recoveries**

Funds a school recovers in a given award year from money disbursed in prior award years. Institutions must adjust award expenditures and administrative cost allowances (ACAs) in award years in which recoveries are made. See *Administrative cost allowance (ACA)*.

**Program Participation Agreement (PPA)**

A written agreement that must be signed by both a top official at an institution and a representative of the U.S. Secretary of Education that permits the institution to participate in one or more federal student financial aid programs (other than the Leveraging Educational Assistance Partnership [LEAP] Program). The signed agreement makes the institution's initial and continued eligibility to participate in Title IV programs conditional on compliance with all provisions of the applicable laws and program regulations. This agreement may have to be updated periodically due to changes at the institution; schools also have to be recertified at regular intervals. See *Emergency action* and *Limitation, suspension, or termination (LS&T)*.

**program review**

The process in which the management of one or more federal financial aid programs at an institution is reviewed by ED or a guaranty agency. A program review assesses the institution's compliance with federal laws and regulations and its own school policies. The process may also review the institution's overall management and administrative capabilities.

**program review exceptions**

Institutional policies, procedures, or actions related to federal student financial aid programs cited in a program review report as being contrary to federal laws or regulations that govern the programs. Also referred to as findings.

**Project Easy Access for Students and Institutions (EASI)**

See *Modernization Blueprint*.

<b>promissory note</b>	A contract between a lender and a borrower that contains the terms and conditions of the loan, including how the loan must be repaid. It becomes legally binding when signed (executed) by the borrower.
<b>Quality Assurance Program (QAP)</b>	An ED initiative to promote quality in administering Title IV Programs. Schools designated as QAP participants implement a formal quality assurance program that includes a management self-assessment, annual measurement, and quality improvement components. Schools that participate in QAP are exempt from certain ED reporting and verification requirements if their institutional quality assurance measures duplicate these requirements.
<b>reauthorization</b>	The process of continuing and changing current legislation because the existing law has expired and has to be reenacted. It is conducted every five to seven years in the case of the Higher Education Act (HEA), during which time Congress reviews and then renews, terminates, or amends existing programs. (The most recent HEA reauthorization was in 1998.) See <i>Higher Education Act of 1965, as Amended (HEA)</i> and <i>Title IV student financial aid</i> .
<b>Recipient Financial Management System (RFMS)</b>	An ED system that processes Pell Grant payment data, alerts schools to any errors, and makes any needed adjustments to a school's Pell authorization level on the basis of reports of actual disbursements.
<b>reconciliation of cash</b>	A confirmation that the cash amount shown in a school's accounting records agrees with the cash amount reported by the bank. Prompt and thorough cash reconciliation helps ensure the ongoing accuracy of a school's internal-control accounting system.
<b>reconciliation of federal funds</b>	Balancing the school's records of federal funds received, expended, and returned against ED's records. A reconciliation should be performed monthly to ensure that reported expenditures, the trial balance, ED's year-to-date summary for the Pell Grant Program, the school's FISAP (Fiscal Operations Report and Application to Participate) for the campus-based programs, and any other allocation (other than Title IV student financial aid) are in agreement. There should also be a yearly reconciliation of the same items that should be included in the school's most recent audit. The reconciliation process is different in the Direct Loan Program (see Chapter 6 of <i>The Blue Book</i> ). See also <i>Trial Balance</i> .
<b>refund</b>	This often refers to that portion of funds credited to a student's school account to cover institutional charges that the school returns to ED, a lender, or the student, if the student withdraws from, is expelled from, or drops out of school. If the student received any federal Title IV aid (other than Federal Work-Study), by law, a part of the refund must go to that Title IV program(s). "Refund" also can mean the return of interest or excess

	cash to ED from GAPS drawdowns or the return of audit and program review liabilities and fines. See <i>Timely processing of refunds and repayments</i> .
<b>refund policy</b>	A school policy that determines the conditions under which a student is entitled to a refund of payments made to the school on the student's behalf and the amount of that refund. All schools participating in Title IV programs are required to have a fair and equitable refund policy, as described in Section 668.22 of the Student Assistance General Provisions regulations. A school's policy must provide a refund to Title IV recipients that is at least as much as the amount derived using (1) the requirements of applicable state law, (2) the refund requirements established by the school's nationally recognized accrediting agency and approved by ED, or (3) the statutory <i>pro rata</i> refund calculation defined by the 1992 reauthorization of the Higher Education Act. See <i>Return of Title IV funds</i> .
<b>regular student</b>	A person who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution.
<b>reimbursement payment method</b>	A method certain schools are required to use to receive federal financial aid funds from ED. Rather than drawing down Title IV funds <i>before</i> disbursing them to students, a school submits Form PMS 270, "Request for Advance or Reimbursement," to ED to be reimbursed for the funds it has expended <i>after</i> making aid disbursements to students. If the request is approved, the ED regional office processes a payment request in GAPS. Payment is made by ACH/EFT.
<b>rejected (Pell payment data)</b>	A category of Federal Pell Grant processed payment data that contains unacceptable or incomplete information that is rejected by RFMS. An institution must correct the records and resubmit them to the CPS.
<b>releasing campus-based program funds</b>	Action by ED reducing all or part of an institution's allocation for a Title IV program. This reduction usually results from an institution releasing funds back to the federal government that will not be used during the period for which the funds were allocated. See <i>Allocation and Supplemental appropriation</i> .
<b>Renewal FAFSA</b>	A partially complete application form to be updated by a current federal financial aid applicant to be eligible to receive Title IV financial aid for the upcoming (next) award year. To use the Renewal FAFSA, the student must have submitted a FAFSA applying for (although not necessarily receiving or accepting) federal financial aid for the preceding award year. A student may access his or her Renewal FAFSA on the Web. Alternatively, a renewal aid application can be mailed directly to the student by the school or Central Processing System (CPS) to be completed and returned to the CPS. See <i>FAFSA (Free Application For Federal Student Aid)</i> .

<b>repayment</b>	When a financial aid recipient who has received federal Title IV cash or EFT disbursement(s) withdraws from school, the school must determine whether the student owes a repayment to the federal government. If the cash disbursement (excluding Federal Work-Study [FWS], FFEL Program loans, and Direct Loans) was greater than the amount of the student's expenses before the student withdrew from school, the difference is considered an overpayment that must be repaid. A portion of the overpayment must be collected from the student and returned to federal Title IV programs as outlined in the federal repayment distribution formula. See <i>Distribution formula</i> , <i>Overpayment</i> , and <i>Timely processing of refunds and repayments</i> .
<b>repayment policy</b>	The institutionally established policy that determines the amount of education-related expenses (non-institutional costs) reasonably incurred during a student's actual period of attendance. See <i>Distribution formula</i> , <i>Overpayment</i> , and <i>Repayment</i> .
<b>repayment schedule</b>	A <i>specific timetable</i> , using the borrower's repayment plan as its basis, that details the amount of loan principal and interest due in each repayment installment and the number of payments that will be required to pay off the loan in full. Additionally, a repayment schedule traditionally lists the loan's interest rate, the due date of the first loan payment, and the frequency of loan payments.
<b>return of Title IV funds</b>	When a recipient of Title IV aid withdraws from an institution during a payment period or an enrollment period in which the recipient began attendance, the institution must calculate the amount of Title IV aid the recipient did not earn. Unearned Title IV funds must be returned to the Title IV programs. This provision is effective on October 7, 2000 or earlier if the school chooses to implement it before that date.
<b>RFMS</b>	See <i>Recipient Financial Management System (RFMS)</i> .
<b>satisfactory academic progress (SAP)</b>	A satisfactory rate of student course-completion determined using qualitative and quantitative measures. By law, schools whose students receive Title IV funds must create policies for monitoring satisfactory academic progress (SAP). Schools must check at least once a year and document for each payment period that their students receiving Title IV aid are making satisfactory academic progress.
<b>self-evaluation</b>	A school's regularly scheduled in-house evaluation of the way it administers its student financial aid program. A self-evaluation is undertaken in an effort to detect any problems early on and resolve them.
<b>self-help aid</b>	Student financial aid loan programs where funds must be repaid <i>or</i> employment-opportunity programs awarded to students. Compare <i>Gift aid</i> .



**separation of functions**

As a part of administering federal student financial aid programs, a school is required to establish and maintain a checks-and-balances internal-control system ensuring that no single school office can both authorize payments and disburse funds to students. Often this required separation is created by dividing the functions between the school's financial aid office and the school's business office.

**single-entry bookkeeping**

The system used, for example, in a personal checkbook where generally only records of cash and of personal accounts are maintained. Where transactions are infrequent and receivables, payables, and assets other than cash are few, carefully maintained single-entry records may be adequate. See *Bookkeeping*.

**site visit**

A visit to a school during which an independent auditor, nationally recognized accrediting agency, and/or ED seeks to understand the school's physical plant, enrollment, student financial aid application process, and methods of monitoring student attendance. See *Independent audit* and *Nationally recognized accrediting agency or association*.

**skip tracing**

Traditionally, searching for someone with unpaid debts who has left hurriedly or secretly ("skipped") without leaving a forwarding address. In a federal financial aid context, this is when, for whatever reason, a loan borrower no longer lives at the address where the Direct Loan Servicing Center or a lender or school is sending loan billing notices, and the Direct Loan Servicing Center or lender or school must attempt to locate the borrower's correct address. In the search, the law allows the use of any information obtained from the borrower while the borrower was at the school (such as data taken from applications and files), as well as information gleaned from any school office (including the registrar's office and the alumni office). If the borrower still cannot be located using information from the school (or otherwise available to the lender), the lender or school must use ED's free skip-tracing service to try to locate the missing loan borrower.

**special allowance**

A percentage of the average unpaid principal balance paid to the lender of an FFEL Program loan by ED. In effect, ED pays extra interest on the loan to the lender in addition to the base interest charged on subsidized and unsubsidized loans. This amount makes up the difference between the rates charged to FFEL Program borrowers and market interest rates. The amount of the special allowance is set by a statutory formula related to 91-day Treasury bill rates.

**special disbursement record**

A disbursement record that reports information, such as the cost of attendance and enrollment status, to allow ED's Recipient Financial Management System (RFMS) to recalculate a Federal Pell Grant



disbursement for a particular payment period. Institutions on the reimbursement payment method or cash monitoring payment method are required to send special disbursement records. This is optional for all other schools.

**SSIG**

See *Leveraging Educational Assistance Partnership (LEAP) Program*.

**Stafford Loan**

See *Federal Direct Stafford/Ford Loan (subsidized)*, *Federal Direct Unsubsidized Stafford/Ford Loan*, *Federal Stafford Loan (subsidized)*, and *Unsubsidized Federal Stafford Loan*.

**Student Aid Internet Gateway (SAIG)**

As the Title IV Wide Area Network (TIV WAN) is being redesigned to accommodate Internet traffic between Title IV customers and Title IV application systems, TIV WAN is being renamed the Student Aid Internet Gateway (SAIG). TIV WAN will become SAIG when the current ED contract with National Computer Systems expires in June 2001.

**student aid master record**

An institutional record containing information for an in-school student for each award year. The institution records all basic information relating to all student aid programs, including institutional and other aid programs, on the master record.

**Student Aid Report (SAR)**

The report sent directly to a student from ED's Central Processing System (CPS) that summarizes information submitted on the student's Free Application for Federal Student Aid (FAFSA) and provides financial-need calculations (including the student's Expected Family Contribution [EFC]) based on the submitted figures. The SAR has two parts: Part 1 is the Student Information Summary. Part 2, the Information Review Form or Information Request Form, is where the student can make any needed corrections or information changes. The student makes the corrections and returns Part 2 of the SAR to the CPS. The CPS will then send the student a copy of the corrected SAR. See *Institutional Student Information Record (ISIR)*.

**Student Financial Aid Handbook**

An ED publication that explains procedures schools should follow in administering federal student financial aid programs. Some of these procedures are required by laws and regulations, while other procedures are necessary for the various Title IV programs reporting systems. For the 1999-2000 award year and beyond, the Handbook will consist of two core pieces and four references that will be published individually and successively by ED each year.

**Student Status Confirmation Report (SSCR)**

All schools participating in any of the Title IV programs, as well as nonparticipating schools eligible to process Title IV loan deferments, must submit a Student Status Confirmation Report (SSCR) to the National Student Loan Data System (NSLDS) via the Title IV WAN.

	<p>The SSCR is used as a monitoring device to help determine when student borrowers must begin repaying their student loans. When a student's enrollment status changes in any way that affects his or her deferment privileges, schools must notify the Direct Loan servicer or lender of the change within 30 days through an ad hoc report, unless a school has a regularly scheduled SSCR Roster File due within the next 60 days.</p>
<b>subsidiary accounts</b>	Accounts related to the control account that support in detail the summary transactions posted in the control account. See <i>Control account</i> .
<b>subsidiary records</b>	Institutional records that must exist to support the totals in each Title IV financial aid program account. Reconciliation between accounts and subsidiary record detail should be performed at least once a month, as required by some Title IV programs.
<b>supplemental appropriation</b>	An additional allocation of available funds for one or more campus-based programs that may be given to a school on the basis of the school's need for additional funds. Supplemental allocations are made after schools release unexpended campus-based funds at the end of an award year. See <i>Allocation, Appropriation, and Releasing campus-based program funds</i> .
<b>T-account</b>	A short method accountants use to illustrate ledger accounts, alleviating the tedious reproduction of accounts as they actually appear in an institution's ledger. Accountants use the t-account as a worksheet to check the debit and credit balances of individual ledger accounts and to trace posting of transactions to the various ledger accounts. See <i>Contra account</i> .
<b>timely processing of refunds and repayments</b>	Schools must notify students and loan lenders, in writing, when financial aid is refunded or repaid to Title IV programs. Schools must return refund or repayment portions to the Direct Loan Program, the Federal Pell Grant Program, and campus-based program accounts within 30 days of a student's withdrawal date and, under the FFEL Program, return proceeds to the lender within 60 days of a withdrawal date. If an audit or program review reveals that a school is not meeting the deadlines for returning refunds and repayments to Title IV accounts, the school incurs a financial liability. See <i>Refund and Repayment</i> .
<b>Title IV student financial aid</b>	<p>Federal financial aid programs for students attending postsecondary educational institutions, authorized under Title IV of the Higher Education Act of 1965, as amended (HEA). The programs are administered by the U.S. Department of Education. Title IV programs consist of:</p> <ul style="list-style-type: none"> <li>• Academic Achievement Incentive Scholarship Program,</li> <li>• Federal Pell Grant Program,</li> </ul>

- Federal Supplemental Educational Opportunity Grant (FSEOG) Program,
- Federal Work-Study (FWS) Program,
- Federal Perkins Loan Program,
- Federal Family Education Loan (FFEL) Program loans,
- Gaining Early Awareness and Readiness for Undergraduates Program (GEAR-UP) grants,
- Leveraging Educational Assistance Partnership (LEAP) Program grants,
- William D. Ford Federal Direct Loans, *and*
- Robert C. Byrd Honors Scholarships.

See *Higher Education Act of 1965, as amended (HEA)*.

#### **Title IV Wide Area Network (TIV WAN)**

ED network that provides an electronic link between schools and ED's databases. See *Student Aid Internet Gateway*.

#### **trial balance**

A comparison of debit and credit balances and the addition of account balances. A successful trial balance for the Title IV programs is a confirmation that accounts receivable, program expenditures, and cash balances equal the amounts authorized. The purpose of a trial balance is to check that the dollar amounts of debits and credits are equal in the general ledger accounts. This is a useful tool for catching many types of errors, but having a trial balance in balance, in and of itself, is not an assurance that other accounting errors haven't been made. Taking a trial balance should be performed at least monthly. See *Reconciliation of federal funds*.

#### **unearned aid**

The difference between Title IV aid that was disbursed or could be disbursed for the payment period and the amount of Title IV aid that was earned.

#### **Unsubsidized Federal Stafford Loan**

A federal student loan program (FFEL) that provides low-interest loans to students in undergraduate, graduate, and professional programs. Unsubsidized loans are not awarded on the basis of financial need. Interest on an unsubsidized loan is charged to the borrower throughout the life of the loan. See *Capitalizing interest* and *Federal Stafford Loan (Subsidized)*. Compare *Federal Direct Unsubsidized Stafford/Ford Loan*.

#### **User's Guide**

A technical reference publication produced by ED and designed to support or assist recipients using electronic systems such as EDE, TIV WAN, and FEDWIRE.

**verification**

The technical and administrative procedures for detecting and resolving inaccuracies in data a student (and family) supplied on the Free Application for Federal Student Aid (FAFSA) when applying for Title IV aid.